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UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

SAN FRANCISCO DIVISION

INHERENT.COM aka INHERENT, Plaintiff, v. MARTINDALE-HUBBELL, LEXIS/NEXIS INC. and DOES 1 through 200 inclusive, Defendants.	No. C 05 3515 MHP **DECLARATION OF MICHAEL LITTLE IN SUPPORT OF DEFENDANTS' MOTION TO DISMISS OR, IN THE ALTERNATIVE, TRANSFER THE ACTION** Date: October 31, 2005 Time: 2:00 p.m. Courtroom: 15 Judge: Honorable Marilyn H. Patel Complaint Filed: July 29, 2005

I, MICHAEL LITTLE, declare.

1. I am currently employed by Martindale-Hubbell ("MH"), a division of Reed Elsevier, Inc. ("Reed Elsevier"), in New Providence, New Jersey as the Director of Program Management. I have personal knowledge of the facts stated herein, except where otherwise stated, and could and would competently testify thereto under oath if called as a witness.

THE PARTIES

2. MH's business consists of providing various products and services utilized by the legal profession, and its principal business office is located at 121 Chanlon Road, New Providence, New Jersey. LexisNexis is also a division of Reed Elsevier, and an affiliate of MH, and has a

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principal place of business in Miamisburg, Ohio.

3. Inherent.com Inc., also known as Inherent, Inc. ("ICI"), is a corporation which, during all times relevant to the circumstances which gave rise to the claims asserted in this action, had a principal place of business at 2140 SW Jefferson Street, Suite 200, Portland, Oregon. ICI's business consists of providing internet-related services (e.g., website development and hosting) for professional organizations, primarily law firms and legal professional associations.

FACTUAL BACKGROUND OF THE DISPUTE AT ISSUE

4. In August 2004, ICI, through its President, Debra Kamys, contacted MH in New Jersey about whether MH would be interested in exploring a possible acquisition of ICI or entering into some other sort of partnering arrangement. Prior to ICI's inquiry to MH in that regard, a competitor of MH had acquired a competitor of ICI, and Ms. Kamys suggested that a proper competitive response to that transaction might be for MH to acquire ICI.

5. After preliminary discussions, MH and ICI entered into a Non-Disclosure Agreement to explore a potential business relationship and facilitate the providing of information by ICI deemed material and necessary by MH in its evaluation of the contemplated transaction. The Non-Disclosure Agreement became effective on November 1, 2004, and established a two-year period during which its confidentiality terms remained in effect. A copy of the Non-Disclosure Agreement is attached hereto as Exhibit A.

6. By its terms, the Non-Disclosure Agreement provided that it would be governed by New Jersey law. The main purpose of the Non-Disclosure Agreement was to provide certain limitations on the use by either MH or ICI of confidential, proprietary, or trade secret information disclosed by the other in the course of the parties' discussions and their respective evaluation as to the desirability of entering into a business relationship. The Non-Disclosure Agreement also provided that upon written request by either party, the other party would return all proprietary information or destroy such information and certify its destruction.

7. From August 2004 through June 2005, MH and ICI had many communications (by telephone, e-mail, and in person) regarding a potential business relationship between the companies, and ICI provided MH with information regarding its operations. I was one of the many

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MH employees that was involved in evaluating a potential acquisition or other strategic alliance with ICI. During that period of time, I estimate that ICI either called MH representatives in New Jersey, or sent e-mail communications to them in New Jersey, approximately 100 times to discuss the potential acquisition of ICI by MH or some other business relationship. In addition, in May 2005, Ms. Kamys traveled to New Jersey to make a detailed presentations about ICI to MH representatives. During this May 2005 meeting in New Jersey, Ms. Kamys spent a full day with key executives from MH and its affiliate, LexisNexis, discussing ICI's products and business operations.

8. On or about May 25, 2005, MH presented ICI with a proposed non-binding Letter of Interest, the stated purpose of which was to provide ICI with MH's ". . . preliminary non-binding indication of interest in acquiring the web site development, management and hosting applications and services business . . . of Inherent.com, Inc. . . . and [its] proposed next steps to move this potential transaction forward." MH's proposed Letter of Interest was provided to Ms. Kamys in New Jersey where she was meeting with MH executives. A copy of the draft Letter of Interest prepared by MH is attached hereto as Exhibit B.

9. MH and ICI thereafter negotiated the form of the non-binding Letter of Interest proposed by MH. In late May through mid-June 2005, MH sent numerous e-mails from New Jersey to ICI and held several conference calls to negotiate the terms of the Letter of Interest. Among the modifications made at ICI's request was an amendment of the language to provide that the possible transaction was subject to the parties reaching mutually acceptable purchase and sale contract terms and the execution of definitive transaction documents. The Letter of Interest was fully executed on June 17, 2005. A copy of the executed Letter of Interest, reflecting ICI's added language which expressly stated that the consummation of any transaction was contingent upon the agreement between the parties as to definitive transaction documents and the execution of those writings, is attached as Exhibit C.

10. The non-binding Letter of Interest in the form signed by MH and ICI specified numerous conditions to the completion of any transaction, including but not limited to (i) the satisfactory completion "of a full commercial, financial, technical and legal due diligence" by MH,

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(ii) the negotiation of acceptable purchase and sale contract terms acceptable to RE, and (iii) approval by the Board of Directors of RE.

11. The executed non-binding Letter of Interest also stated that ". . . this letter and the acceptance thereof is non-binding and creates no legally binding obligation on the part of the parties to conclude the proposed transaction, and no legally binding obligation to conclude the proposed transaction will be created, notwithstanding any subsequent actions or communications, written or oral, between the parties, even though they may express or imply partial or preliminary agreement, except by the execution and delivery by all parties of definitive transaction documents."

12. On June 15, 2005, ICI signed the revised Letter of Interest dated June 8, 2005, and sent it to MH's New Jersey office. On June 17, 2005, a significant ICI shareholder signed the non-binding Letter of Interest, as required by MH.

13. Following the execution of the non-binding Letter of Interest by ICI, MH undertook due diligence necessary to evaluate the feasibility and potential terms of a business transaction with ICI. I was in charge of MH's due diligence team.

14. While performing due diligence, MH learned information which caused it to conclude that it did not wish to acquire ICI or any of its assets, or to enter into any business transaction with ICI. Among other reasons, MH elected to terminate its interest in entering into such a transaction with ICI because the due diligence review revealed (i) many problems with ICI's technology and database (its principal asset was its computer code, which was found to be riddled with errors and no longer supported by the licensor of the technology), (ii) that ICI's finances were much weaker than expected, (iii) that ICI's customer base was less than what was represented, and (iv) that none of ICI's employees had non-compete agreements, and one of them -- the former chief technology representative -- had recently quit to establish a competitive venture.

15. During the course of performing due diligence on ICI's assets, liabilities, sales, marketing, and other business and financial operations, I found no indication that ICI had any offices in California, any employees in California, or any real property in California. As far as I am aware, no other member of MH's due diligence team discovered any such information either.

16. On June 28, 2005, Mr. Paul Gazzolo, MH's Chief Operating Officer, who was

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located in New Jersey, advised ICI by telephone that it had no interest in moving forward with any proposed transaction with ICI. Following the call, Mr. Gazzolo sent a confirming letter to ICI. A copy of the e-mail from MH sent from its New Jersey office advising ICI that MH had no interest in pursuing a transaction of any kind with ICI is attached hereto as Exhibit D.

17. Following MH's decision to terminate the discussions between the parties, MH undertook to gather and return to ICI whatever confidential information, as defined by the Non-Disclosure Agreement, was then in MH's possession. My understanding is that the MH employees involved in the due diligence review (known internally as Project Trailblazer) were asked to execute Certifications stating that they no longer possessed confidential information regarding ICI. An example of the form of those Certifications is attached hereto as Exhibit E.

LOCATION OF POTENTIAL WITNESSES

18. The following eight people comprised the MH "due diligence team" that evaluated ICI's operations and made a recommendation to those MH corporate representatives who were responsible for determining whether to enter into a contractual relationship with ICI: John Emmanuel (Senior Director, Strategic Business Development), Barbara Boschen (finance), Aaron Usisken (customer support), Anthony Rodig (data center management), Brian Salmanowitz (fulfillment systems), Chris Whitmore (product manager), Richard Ansara (information technology development), and me. All of those individuals are still employed by MH and all are located in MH's offices in New Providence, New Jersey, with the exception of Messrs. Emmanuel and Ansara (who are located in Miamisburg, Ohio).

19. The following six people were involved in either the preliminary discussions between the companies or the ultimate evaluation of the possibility of MH entering into a transaction with ICI: Carlton Dyce (Senior Director, Customer Experience), Timothy Corcoran (Vice President, Marketing, Planning and Sales), John Roney (Senior Vice President/Chief Technical Officer), John Lawler (Chief Executive Officer), Paul Gazzolo (Chief Operating Officer), and Philip Evans (Chief Financial Officer). All of those individuals are still employed by MH and are located in MH's offices in New Providence, New Jersey.

20. During the course of the due diligence process, I learned that ICI had seven

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employees. My understanding is that all of those individuals live in Oregon. As indicated above, at least 12 of MH's employees involved in the discussions and evaluation of a potential transaction with ICI, who would likely be witnesses in this matter, are currently located in New Jersey.

LOCATION OF RELEVANT DOCUMENTS

21. All of MH's documents concerning the aborted discussions about a possible transaction between MH and ICI are located in New Jersey.

22. MH's e-mails concerning its business activities with ICI and the proposed transaction at issue in this action are accessible through computer resources located in New Jersey.

23. In its Complaint, ICI is alleging that MH used proprietary information gained in the course of its due diligence review in providing website development services to MH's customers. All records of MH's efforts on behalf of its customers are located in New Jersey.

24. During my review of ICI's operations as part of the due diligence process, I learned that ICI had no corporate office or any physical presence anywhere other than Portland, Oregon. Accordingly, I am informed and believe that any of ICI's documents relating to the matter in dispute, which include documents reflecting ICI's ordinary operations, should be located in Oregon -- where they were located when MH reviewed them and where ICI's sole corporate office is presently located according to ICI's own website.

CONCLUSION

25. California presents a very inconvenient forum for the adjudication of the claims asserted by ICI in this action (and to be asserted by way of Counterclaim by the defendants). Absolutely nothing related to this case took place in California -- not one phone call, not one letter, not one e-mail, not one personal visit. To my knowledge, no representative of ICI or MH who had anything to do with the matters in dispute in this action is located in California. While some of ICI's witnesses may be located in Oregon, the vast majority of the witnesses with knowledge of the facts in this matter are located in New Jersey (and none, to my knowledge, are in California). Finally, all of MH's documents and emails are located in New Jersey.

26. This is a dispute between a New Jersey-based company and an Oregon-based company where the substantial weight of the witnesses and proofs are located in New Jersey. As a

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company whose principal office is located in New Jersey, MH seeks to resolve this dispute in New Jersey -- not only because the facts of this dispute have a close nexus to New Jersey, where many of the events and contacts surrounding this action occurred, and where the disputed non-binding Letter of Interest was made and delivered to ICI, but because New Jersey is also the jurisdiction where the first lawsuit concerning the non-binding Letter of Interest was filed. New Jersey is a decidedly more convenient forum than California for the resolution of the claims at issue between MH and ICI.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on September 06, 2005.

Michael Little

MICHAEL LITTLE

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